

Will Apple be the smartwatch saviour?

The lack of detail about sales has led some to declare the Apple Watch a flop, but its launch has focused attention on the broader smartwatch sector

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Three months after launching its first smartwatch, Apple has reported record revenues and vast iPhone sales - but no numbers on its new wearable. That has got commentators asking whether the Apple Watch is a flop.

Before its launch, financial analysts were predicting watches would fly off the shelves to the tune of 40m in the first year. Those estimates were based on the performance of Apple's iPhone, which sold 47.5m in a single quarter.

For a new product in a new category with unproven functionality, the reality is likely to be closer to 2m to 4m, which has some declaring the Apple Watch a flop.

However, Ben Wood, head of research at CCS Insight, said: "This concept of the Apple Watch being a flop is absolute nonsense. It is the most successful smartwatch ever, selling twice as many units as the rest of the competition combined and it has only been available for three months, and in limited quantities."

Early smartwatch pioneer Pebble shifted 1m watches in three years, while Google's Android Wear watches produced by a variety of manufacturers only sold 800,000 before the end of last year.

Despite supply problems that meant shoppers could only buy an Apple Watch online initially, it was more popular than any that have come before it.

As an indicator, within three months of going on sale about 1.8% of Guardian app users with iPhones capable of supporting a smartwatch have viewed a piece of Guardian content on an Apple Watch. The same cannot be said for Android Wear users.

Apple's entry into the market has also been good for the competition, raising awareness of smartwatches, showing that there is a viable market and piquing the interest of non-iPhone users.

Wood said: "Apple has sold enough for other manufacturers such as Samsung and Google to persevere, but whether smartwatches will ever be a blockbuster hit remains to be seen."

For now, the smartwatch remains a niche product that has many scratching their heads as to why they would want to spend £150 or more on a smartphone accessory.

Moving the bings, bongs and buzzes of smartphone alerts from the pocket or bag onto the wrist is the primary purpose of a smartwatch, but that perceived convenience isn't a big enough draw for many to shell out £300. That has left the fate of the smartwatch and its form and function very much up for discussion.

Killer feature

Francisco Jeronimo from research firm IDC said: "In one year, after Apple puts several million devices out there on peoples' wrists, we will have much more detailed information on what people like, what they do with smartwatches, and what people want; it will completely change the shape of the category."

For smartwatches to enter the mainstream a killer feature or three will be required. Some have suggested enhanced personal assistant-like features might tempt users, while others consider Apple Pay and mobile payments to be key.

Health monitoring has also been suggested as a primary function with heart rate monitors common to the wearables. Smartwatches are expected to swallow fitness trackers like smartphones have done to cameras.

"We'll be waiting several years before Apple ships smartwatches in the 40m range, but I do believe the market will explode with the support of developers, lower prices and more features that are independent of a smartphone," said Jeronimo.

Others have wondered whether smartwatches will meet the same fate as Google Glass, which encountered problems over self-image and privacy; a pair of ugly glasses and a camera strapped to the face.

'The evolution of the digital watch'

While Glass and smartglasses are likely to find a home within business in scenarios where hands-free information placed

within the eye-line could be very useful for hands-on jobs, smartwatches are more likely to be a consumer device.

Angela McIntyre, of research firm Gartner, said: “We could think of smartwatches as the evolution of the digital watch - they’ve been around for decades with a digital display, but now they have the capability to be connected.

“According to Statistics Brain, 1.2bn traditional watches are sold every year and 23% of those are digital watches. If just a small percentage of digital watches become connected, that’s a lot of smartwatches.”

Technology companies are focused on watches with fancy touchscreens, but they are not the only ones looking at the sector. Traditional watch manufacturers are also eyeing up a lucrative new market that could attract buyers who have stopped wearing watches.

“In the gifting market, as we head to Christmas, there could be a big uptake within cheaper, more basic smartwatches. Analogue watches with small ticker-tape displays for instance,” said Wood.

Casio already has watches with Bluetooth connections to smartphones, while luxury watch makers such as Mont Blanc have entered the category with smartstraps that add screens to existing analogue watches.

For Wood and other analysts, the interesting Apple Watch numbers will be the end of the first year after they are available to view, buy and take away from physical stores.

Apple is likely to have done enough to justify a second generation of Apple Watch, and the competition will be fierce - if only at other end of the scale - from its £13,500 gold Watch.

. Pebble boss: ‘one day, people will not be able to live without their smartwatch’

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